

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2522 - HB 2784

March 10, 2012

SUMMARY OF BILL: Requires the Treasurer, in cooperation with the Commissioners of Labor and Workforce Development and Economic and Community Development (ECD) to create a framework, as a pilot program, for lifelong learning accounts to be established for Tennessee eligible individuals. The purpose of the program is to create an incentive for eligible individuals and their employers to voluntarily participate in a program through which an eligible individual establishes a savings account to be used exclusively by the eligible individual to pay for qualified education expenses and skill training in order to increase the individual's earning potential and skill set. Creates incentives for employers to match eligible individual employee contributions. Caps the maximum annual contribution for an eligible individual at \$2,500. Requires presentation of the proposal, with recommendations to implement the program, to the Senate Commerce, Labor and Agriculture Committee and the House Consumer and Employee Affairs Committee no later than February 28, 2013.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The fiscal impact of the pilot program will depend on the framework of the program developed which will include determination of the following: the number of participants involved; the expenses considered qualified education expenses; the type and number of incentives created for eligible individuals who participate in the program; the number and amount of discounts offered by the Tennessee Board of Regents and the University of Tennessee systems; the amount of funds and matching grants from existing state or federal funds or programs earmarked for training or retraining workers; the feasibility to create a program that would provide financial assistance from the Tennessee Lottery for Education Account and Tennessee net lottery proceeds to allow individuals to receive grants for approved courses; the type of accounts that will qualify as lifelong learning accounts established within the Treasurer's office; the creation and specifics of employer incentives to match individual employee contributions; the development of procedures for withdrawals from the account, cancellation of participation, and penalties imposed for improper utilization of the fund. Until the framework of the program is established and the cost of the various components of the program is determined, the fiscal impact to the state cannot be quantified.

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Assumptions:

- The Treasurer, the Departments of Labor and Workforce Development, and ECD will use existing staff resources to participate in producing the framework and report for the pilot program proposal for lifelong learning accounts.
- Any cost to prepare and present a report to the appropriate committees will be not significant.
- The cost of the pilot program will be dependent upon the outcome of the collaboration of the Treasurer, the Departments of Labor and Workforce Development and ECD, and the Tennessee Student Assistance Corporation in the development of the framework of the program, which has yet to be determined. Therefore, any cost to state government to implement the pilot program is unknown and cannot be quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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